

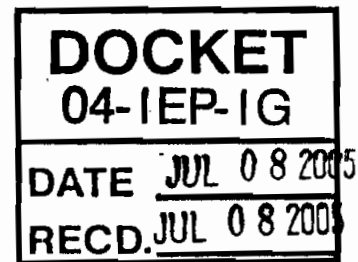
CHRC

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July 8, 2005

California Energy Commission Dockets Unit
Attn: Docket No. 04-IEP-1G
1516 Ninth Street MS-4
Sacramento, CA 95814-5512



Via email: docket@energy.state.ca.us

The California Hydropower Reform Coalition (CHRC) submits the following comments for *Docket 04-IEP-1G and the 2005 Energy Report*. A CHRC steering committee member, a representative from Friends of the River, provided testimony on behalf of the CHRC at the June 27, 2005 Environmental Performance Report workshop in Sacramento. We thank the Commission for the opportunity to summarize these comments in writing and hope our input is helpful.

The CHRC represents over 30 conservation and recreation organizations working to ensure California hydropower is operated in a manner that protects water quality, fish and wildlife habitat, and recreational opportunities. The *2005 Environmental Performance Report of California's Electrical Generation System* (2005 Environmental Performance Report)¹ identifies FERC relicensing as one of the most significant opportunities to bring non-federal hydropower operations into compliance with modern environmental laws. Members of CHRC share this belief and are currently participating in over 20 proceedings to work collaboratively to establish new operating conditions that balance energy generation with the multitude of other benefits that healthy, functioning rivers provide Californians.

Despite its lingering reputation as a renewable energy source, California's vast network of hydropower dams have destroyed recreational opportunities, depleted fisheries and degraded ecosystems on nearly all of California's major rivers. Although CHRC members concentrate on FERC-regulated hydropower because there is no public process to address the impacts of federal projects, all hydropower projects have had profound effects on the state's aquatic and riparian ecosystems. Approximately two-thirds of California's native fish species are declining, endangered, or extinct.² Approximately 95% of historic salmon and steelhead habitat, and 90% of riparian and wetland habitat have been lost. Many hydropower dams in California divert 95% or more of a river's natural flow during summer months into pipes or canals, leaving miles of stream de-watered. Other facilities cause wildly fluctuating flows, eroding soil and vegetation and endangering fish and wildlife. Hydropower generation also deteriorates water quality components such as temperature, flow volume, and sediment and dissolved oxygen levels. As the 2005 Environmental

¹ *2005 Environmental Performance Report of California's Electrical Generation System*, California Energy Commission Staff Report, June 2005.

² Moyle, Peter B. 1998. *Effect of Invasive Fish Species on Freshwater and Estuarine Fishes in California*. University of California -Davis

CHRC Steering Committee:

American Rivers, American Whitewater, California Outdoors, California Sportfishing Protection Alliance,
California Trout, Foothill Conservancy, Friends of the River, Natural Heritage Institute, Trout Unlimited

Performance Report states, only 29 of 119 FERC licensed projects currently or will soon meet California State Water Resources Control Board water quality standards.³

We commend the Energy Commission's efforts to thoroughly investigate the connection between California hydropower and state environmental quality in 2003⁴ and support the ongoing Public Interest Research Program joint effort with the State Water Resources Control Board to investigate the impacts of pulse flows on aquatic ecosystems. In addition, the CHRC would like to see future Environmental Performance Reports investigate the environmental and power supply impacts of using hydropower to increase southern water exports. The California Department of Water Resources, which currently operates a hydropower facility at Oroville dam on the Feather River, uses hydroelectricity to export water naturally headed for the Sacramento-San Joaquin Delta to the San Joaquin Valley and Southern California. Because the State Water Project is the largest single user of electricity in California and state and federal agencies plan to significantly increase future water exports, the Commission should investigate the environmental and power supply impacts of these activities.

The *2005 Environmental Performance Report* unequivocally concludes that California hydropower causes significant, on-going and un-addressed impacts to rivers and streams.⁵ To address the quite stark and pressing environmental concerns expressed in this publication, CHRC hopes the Commission will continue to act on the following three initiatives:

Improve the state's understanding of hydropower's impact on natural resources

While FERC relicensing provides an opportunity to examine the local impacts of specific projects, these analyses do not necessarily take a watershed scope, and are limited to FERC-regulated projects with expiring licenses. There is no current mechanism for assessing hydropower's cumulative impacts on the state's natural resources. CHRC strongly supports Commission staff efforts to collect information about project operations from primary sources within the hydropower industry. A clearinghouse of information related to hydropower's footprint on environmental, social, and economic resources will provide the raw material needed to develop statewide energy policies that maximize public interest. Data collected should provide information on the pre-project condition of rivers and streams, and be able to quantify the amount of aquatic habitat affected by hydropower projects, in order to fully understand partial degradation from dewatering, and full degradation from blockage of anadromous fish spawning habitat and inundation by reservoirs.

Participate in relevant FERC relicensing proceedings

As documented in the *2005 Environmental Performance Report*, Commission staff has participated in both the Klamath and Kilarc-Cow relicensings, and the Battle Creek decommissioning proposal.⁶ The technical support provided has brought valuable energy supply and energy cost information to the decision table. As we attempt to balance energy production and environmental protection in future FERC proceedings, Commission staff should continue to intervene in proceedings and provide stakeholders with energy market data and expertise. In addition, the CHRC strongly supports Energy Commission participation in future

³ *2005 Environmental Performance Report of California's Electrical Generation System*, California Energy Commission Staff Report, June 2005, p.129.

⁴ *California Hydropower System: Energy and Environment*, Appendix D 2003 Environmental Performance Report, California Energy Commission Staff Report, August 2003.

⁵ *2005 Environmental Performance Report of California's Electrical Generation System*, California Energy Commission Staff Report, June 2005, p.4.

⁶ Ibid.

FERC relicensing proceedings, to help stakeholders identify those projects that cost the state more in loss of natural resources and mitigation expenditures than the energy contributions they provide.

Support a strong state presence in FERC relicensings

The time for California to devote energy and resources towards FERC relicensing is now: over 300 FERC-regulated dams, over one-third of the state's hydropower capacity, will expire in the next decade. The State Water Resources Control Board and California Department of Fish and Game, charged with protecting California's waterways and wildlife, respectively, play a critical role in designing conditions for new licenses to positively impact the health of our public rivers. A current provision of the Governor's Proposed Energy Reorganization Plan⁷ describes the creation of an Office of Energy Market Oversight to represent the state on all matters before the FERC. CHRC is concerned this new policy will hinder the ability of the aforementioned state agencies to adequately participate in relicensing proceedings, and has urged the Governor to clarify this policy. Both agencies have developed a considerable amount of experience and knowledge with FERC licensing, and are most qualified to represent the state in matters concerning how hydropower affects California's water and natural resources.

The federal energy bill, now approved in both houses of U.S. Congress, contains a provision that will significantly weaken federal agency authority to prescribe conditions to new licenses to protect fish and wildlife. The Federal Power Act grants certain federal agencies the authority to prescribe mandatory environmental protections such as minimum instream flow requirements or fish passage. The energy bill will create a trial-type hearing to allow utilities an opportunity to challenge these decisions. Not only will this thrust the balance of power towards the utilities, but federal agencies will be forced to rely more on their state counterparts to provide support for sensible and robust environmental protections.

In conclusion, the CHRC generally agrees with the Commission's characterization of how hydropower facilities have affected the state's aquatic and riparian ecosystems. We continue to support the Commission's valuable contributions to data collection and scientific study that will help future policy makers prescribe a more environmentally efficient and benign role for hydropower in California. We urge the Commission to investigate the power supply and environmental impacts of increased Delta water exports, encourage the state to adequately fund and staff state resource agency participation in FERC relicensings, and encourage Energy Commission staff participation in future FERC proceedings.

Thank you for considering these comments, and don't hesitate to contact me at 510-868-0718 with any questions.

Sincerely,

/s/

Laura W. Norlander
Director

⁷ Governor's Reorganization Plan (G.R.P.3) as submitted to the California Legislature on June 13, 2005. Available for download at: <http://www.lhc.ca.gov/lhcdit/EnergyGRP.html>